



Tax Facts

Information for Washington State's Business Community

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Tax workshops offered

Want to learn more about your tax responsibilities? Want to feel secure in your tax decisions? Don't pay more than you have to. Here is your chance to sort through it all. The Department offers various tax workshops throughout the year. These workshops are free and provide a basic overview of Washington's tax structure, as well as industry specific information. Participants have the opportunity to ask questions specific to their business activities.

continued on page 2 . . .

If you need assistance in January . . .

More than 300,000 businesses will file excise tax returns in the next few weeks. To meet the high demand for assistance during this busy time, the Department of Revenue offers a variety of services to assist you, as well as the following tips.

To help us provide better service during this busy time, please:

- ◆ Check office hours if you plan to visit one of our local offices — not all offices are open five days a week.
- ◆ Call early in the month with your questions — before January 15th if possible.
- ◆ Avoid the hours of 11:30 a.m. to 1:00 p.m. Three-fourths of our staff members alternate their lunch hours during this time.
- ◆ Use our 24-hour automated services — as explained on page 11.
- ◆ Have your UBI-DOR tax reporting account number and tax return available.
- ◆ Stay on the line if you need to talk to a representative — we answer every call in the order received.

ELF helps you get it right the first time

We all know errors and omissions have a way of creeping into paper tax returns, and these mistakes have to be fixed. That is why we have made it easier to avoid these mishaps.

ELF, the Department's *free*, online Electronic Filing service, is now available to annual filers. ELF performs calculations for you and flags errors and omissions before your return is filed. With ELF available 24 hours a day, you can conveniently file your tax return and postpone the payment of your taxes until the due date.

Refer to the information enclosed with your tax return to find out how simple it is to file your return electronically. As an annual filer, you have the option of paying by check or Electronic Funds Transfer.

Don't delay — simplify your tax filing process today! For more information on Electronic Filing, and to see if your business qualifies, visit the Department's web site at <http://dor.wa.gov/elf/elfcontent.htm> or call 1-877-FILE ELF (1-877-345-3353). ▲

Helpful hints for completing the annual tax return

Due Date

The legal due date for filing the 2000 annual Combined Excise Tax Return is January 31 of 2001. Be sure to mail your return on or before that date.

The tax return may also be delivered to any one of the Department's 14 district offices. Office locations are listed on the back page of this publication.

No business activity or no tax due

You must file the tax return even if you did not have any business activity or you owe no tax. If you had no business activity, please check the "No Business Activity" box above the signature line. You may also use the Department's 24-hour automated service to file the return.

Local sales and use tax changes

During the past year, a few local jurisdictions increased their local sales tax rates. Be sure to confirm the correct location and tax rates before reporting retail sales or use tax. For assistance, please refer to the local sales and use tax sections of the instructions for completing the return.

Small Business B&O Tax Credit

Don't forget to take the Small Business B&O Tax Credit if the amount of *business and occupation* tax you owe for the full year is less than \$840. To determine the correct amount of credit, refer to the chart included with the tax return.

Sign the tax return

Be sure to sign and date the return and include a daytime phone number. Please use the self-addressed envelope provided when mailing the tax return.

Make a copy for your records

Be sure to make a photocopy of the tax return for your records. ▲

. . . Tax workshops offered continued from page 1

Construction Industry Tax Workshops provide an overview of Washington State taxes specific to construction activities. This two-hour workshop includes topics such as custom construction, speculative building, government contracting, public road construction and much more. Construction industry workshops are scheduled for January 12 in Olympia, February 14 in Tacoma, and March 13 in Vancouver.


The New Business Outreach Workshops provide an overview of excise taxes that affect businesses in Washington State. Topics include tax-reporting classifications, deductions, sales tax collection, and record-keeping requirements. A free informational reference workbook is provided.

New Business Outreach Schedule			
Date	Location & Registration	Address	Time
1/9/01	Bellingham (360) 676-2068	Dept. of Social and Health Services/ Labor & Industries Building 1720 Ellis Street, Conference Room A	1:00-4:00
1/10/01	Bremerton (360) 478-4961	Dept. of Revenue 4841 Auto Center Way, Suite 201	9:30-11:30
1/16/01	Wenatchee (509) 663-9714	Douglas County Fire Station 377 Eastmont Ave	1:30-4:00
1/17/01	Everett (425) 356-2911	Everett Public Library 2702 Hoyt Avenue	1:30-4:30
1/17/01	Vancouver (360) 260-6176	DOR Training Room 8008 NE Fourth Plain Blvd, Ste 340	1:00-4:00
1/17/01	Spokane (509) 482-3805	Dept. of Revenue 8th floor of Northtown Office Bldg. 4407 N. Division	8:30-11:30; 1:30-4:30
1/17/01	Lakewood (253) 593-2722	Lakewood Library 6300 Wildaire Road SW	1:00-4:00
1/18/01	Bellevue (425) 452-6851	Bellevue City Hall Council Conference Room 11511 Main Street	1:00-4:00
1/24/01	Olympia (360) 753-1551	Dept. of Revenue Target Place Complex 2735 Harrison Ave NW	9:00-12:00
2/7/01	Seattle (206) 956-3002	Dept. of Revenue 2101 4 th Ave, Suite 1400	1:00-4:00
2/7/01	Bremerton (360) 478-4961	Dept. of Revenue 4841 Auto Center Way, Suite 201	9:30-11:30
2/13/01	Bellingham (360) 676-2068	Dept. of Social and Health Services/ Labor & Industries Building 1720 Ellis Street, Conference Room A	1:00-4:00
2/14/01	Lakewood (253) 593-2722	Lakewood Library 6300 Wildaire Road SW	1:00-4:00
2/20/01	Wenatchee (509) 663-9714	Douglas County Fire Station 377 Eastmont Ave	1:30-4:00
2/21/01	Vancouver (360) 260-6176	DOR Training Room 8008 NE Fourth Plain Blvd, Ste 340	1:00-4:00
2/21/01	Spokane (509) 482-3805	Dept. of Revenue 8th floor of Northtown Office Bldg. 4407 N. Division	8:30-11:30; 1:30-4:30

Register for workshops online at <http://dor.wa.gov/menu/services/workshops.htm> or call the Telephone Information Center. Information on future workshops will be posted on the Department's web site. ▲



New Special Notices

The Department of Revenue issued a number of Special Notices in 2000. These notices discuss current issues, including new legislation. This symbol  identifies notices pertaining to new legislation. Recent special notices include:

CAR RENTAL TAX STILL DUE AS OF JANUARY 1, 2000 explains that I-695 does not repeal state and local car rental taxes. Consequently, the tax continues to apply to car rentals of less than 30 days. Issued December 27, 1999. (*Fast Fax* code 780.)

USE TAX REMINDER FOR MEDICAL PROFESSIONALS explains that medical industry professionals must report and pay use tax on consumable supplies, medical supplies, and equipment acquired without payment of the state's retail sales tax. Issued January 6, 2000. (*Fast Fax* code 781.)

SPECIAL NOTICE FOR DIRECT SELLERS advises that the Department has revised WAC 458-20-246, effective 11:59 p.m., December 31, 1999. The notice explains that reporting instructions issued by the Department before 11:59 p.m., December 31, 1999, that are inconsistent with the rule are no longer in effect. The notice also identifies Washington Tax Decisions (published determinations) that are rescinded and supplanted by the revised rule. Issued February 1, 2000. (*Fast Fax* code 782.)

WASHINGTON GOVERNMENT ENTITIES TAX OBLIGATIONS discusses the sales and use tax obligations of local governmental entities and agencies of the state of Washington. Issued April 19, 2000. (*Fast Fax* code 784.)

QUESTIONS AND ANSWERS ABOUT THE INTERNATIONAL SERVICES DISTRICTS BUSINESS AND OCCUPATION TAX CREDIT provides information about the B&O tax credit for international services districts. Issued April 23, 2000. (*Fast Fax* code 783.)

FARMWORKER DRINKING WATER SPECIAL NOTICE explains that charges for constructing new and/or improving existing systems that supply water to farm worker housing are not subject to retail sales or use tax as provided by RCW 82.08.02745 and 82.12.02685. WAC 458-20-262, further discusses the sales and use tax exemption for agricultural employee housing. Issued May 1, 2000. (*Fast Fax* code 774.)

PAGING SERVICES SUBJECT TO RETAIL SALES TAX advises that as a result of a recent Washington State Supreme Court decision, paging services are included within the definition of a retail sale. Persons providing such services must collect retail sales tax from their customers and are subject to B&O tax under the retailing classification. Issued June 2, 2000. (*Fast Fax* code 787.)

IMPORTANT INFORMATION ON REPORTING THE STATE ENHANCED 911 TAX explains that, effective July 1, 2000, persons subject to State Enhanced 911 (E-911) Tax will report the tax on page two of the Combined Excise Tax Return. As of July 1, 2000, persons subject to the tax will no longer receive a separate return for reporting and remitting the tax. Issued May 23, 2000.



TAX INCENTIVES TO REDUCE AGRICULTURAL BURNING discusses the sales and use tax exemptions to reduce agricultural burning. Issued June 9, 2000. (*Fast Fax* code 785.)



PETROLEUM PRODUCTS TAX EXTENDED TO JUNE 1, 2007, explains that imposition of the petroleum products tax, previously scheduled to expire June 26, 2000, has been extended as a result of recent legislative action. Issued June 9, 2000. (*Fast Fax* code 786.)

WHAT YOU NEED TO KNOW ABOUT ITEMIZING THE B&O TAX was developed in response to the rising number of inquiry's the Department of Revenue has received regarding the business and occupation (B&O) tax being itemized on customer invoices. Issued September 5, 2000. (*Fast Fax* code 788.)

The following special notice has been rescinded:

EXPANDED SALES AND USE TAX EXEMPTION FOR AGRICULTURAL EMPLOYEE HOUSING, issued August 15, 1997. For complete information about the exemptions, please refer to WAC 458-20-262.

The Department mails special notices to affected individuals, groups, and businesses. If you did not receive a notice and wish to receive a copy by fax or mail, call 1-800-647-7706. Special notices are also available on the Department's web site under the "Publications" hot button. ▲



2000 TAX LAW CHANGES



The 2000 legislative session resulted in several changes to taxes and programs that may affect your business. The following summary highlights some of those changes.

Excise and property tax

Indian housing authorities — Engrossed Second Substitute House Bill (E2SHB) 2109 (Chapter 187, Laws of 2000) extends the sales, use, and property tax exemptions provided to city and county housing authorities under RCW 35.82.210 to intertribal and tribal housing authorities. *Effective July 1, 2000.*

Implementation of tax rate changes/taxpayer use of department-developed technology — Substitute House Bill (SHB) 2493 (Chapter 104, Laws of 2000) requires that local sales and use tax changes, including those resulting from referendum or annexation, occur only on January 1, April 1, July 1, or October 1. Local governments enacting local sales and use tax changes must notify the Department of Revenue no less than 75 days before the date of the proposed change.

This bill also provides that persons using technology developed by the Department, such as the Geographic Information System (GIS), to determine the amount of sales or use tax they are to collect from their customers, will not be held responsible for differences in the amount of tax due from rate calculation errors resulting from the proper use of the technology.

Electrical energy sales — Engrossed House Bill (EHB) 2755 (Chapter 245, Laws of 2000) exempts income from sales of electrical energy for resale either in or outside the state for consumption outside the state from

both the public utility tax and the B&O tax. *The public utility tax exemption, effective March 31, 2000, applies retroactively while the B&O tax exemption was effective June 8, 2000.*

Tax incentive programs



Exemptions for field burning alternatives — Engrossed Second Substitute House Bill (E2SHB) 1987 (Chapter 40, Laws of 2000) provides sales and use tax exemptions for machinery, equipment and structures, the use of which reduces field burning of cereal grains and field and turf grass grown for seed or decreases air emissions resulting from the burning of such fields.

The Department has issued a special notice that discusses the exemption and includes a sample, Retail Sales Tax Exemption Certificate to Reduce Agricultural Burning (form REV 27-0034). The certificate is available on the Department's web site under the "Forms" hot button (Other Forms and Schedules). *E2SSHB 1987 took effect March 22, 2000.*

Community empowerment zones — Substitute House Bill (SHB) 2460 (Chapter 212, Laws of 2000) allows the Department of Community Trade and Economic Development (DCTED) to accept applications from local governments for the purpose of designating a sixth community empowerment zone (CEZ). The bill further authorizes DCTED to conduct various oversight activities associated with CEZ programs at the local level.

Certain tax incentive programs are available to manufacturing, research and development, or computer-related businesses locating in CEZs or rural counties. Brochures discussing the programs are available on the Department's web site under the "Publications" hot button, or by calling 1-800-647-7706. *SHB 2460 took effect June 8, 2000.*

Other legislation

Zoos, aquariums, wildlife preserves, and parks — Engrossed House Bill (EHB) 3105 (Chapter 240, Laws of 2000) allows a metropolitan park district, a city with a population greater than 150,000, and a county whose population is between 500,000 and 1,500,000 in which a national park is located to place a measure for an increase in the sales and use tax of one-tenth of one percent or less before the voters. Voters may choose between spending the full amount on zoo, aquarium, and wildlife preservation and display facilities or to split the amount between those facilities and parks located throughout the county. *Effective June 8, 2000.*



Petroleum products tax to continue — Substitute House Bill (SHB) 2590 (Chapter 16, Laws of 2000) extends the expiration date of the petroleum products tax to June 1, 2007. The tax was due to expire June 1, 2000. Persons first possessing petroleum products in this state are subject to the tax. The tax funds a pollution liability insurance program for owners of underground storage tanks. *Effective June 8, 2000.*

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Vehicle, aircraft, and vessel licensing fraud — Substitute Senate Bill (SSB) 6467 (Chapter 229, Laws of 2000) eliminates the administrative process used by the Washington State Patrol to enforce civil penalties associated with vehicle, aircraft, and vessel licensing. The bill reinstates previous criminal penalties for the unlawful registration of a vehicle in another state. Failure to register a vehicle is a misdemeanor subject to a \$300 fine. The intentional licensing of a vehicle, aircraft, or vessel in another state, by a Washington resident, is a gross misdemeanor subject to one year in the county jail and a fine equal to two to four times the amount of taxes and fees due. *Effective March 30, 2000.*

Estate tax penalty laws change — Recent legislation affects the way estates are penalized for late filing of the Washington Estate tax return. House Bill (HB) 2515 (Chapter 105, Laws of 2000) revises RCW 83.100.070, pertaining to imposition of the Estate Tax penalty for late filing. Under the revised law, there is no penalty for voluntary late filing, but a penalty not to exceed \$1,500 will be applied to non-voluntary filings. A non-voluntary filing occurs if it is necessary for the Department to contact the estate. This law affects estates with a July 1, 2000, due date or later.

Note: If you have questions regarding tax law changes, please contact your local Department of Revenue office or the Telephone Information Center. ▲

Interest rates for state excise taxes calendar year 2001

For calendar year 2001 the interest rates for assessments and refunds have been calculated at 8 percent.

The method for calculating these rates is determined by the Legislature and is set forth in RCWs 82.32.050 and .060. Because the method determined by the Legislature for calculating these rates depends on the general level of interest rates prevailing in the U.S. economy, these rates will fluctuate from year to year. For calendar year 2001 the rate has increased from seven percent to eight percent. This is primarily due to increases in interest rates by the Federal Reserve Board.

The method for calculating the interest rate, as well as the rates, have changed many times over the years. The following table shows the history of interest rates.

<u>Interest Rate History</u>	<u>Assessments</u>	<u>Refunds</u>
Prior to 1992	9%	3%
Calendar Year 1992	9	8
Calendar Year 1993	7	6
Calendar Year 1994	6	5
Calendar Year 1995	7	6
Calendar Year 1996	8	7
Calendar Year 1997	8	7
Calendar Year 1998	7	6
Calendar Year 1999	7	7
Calendar Year 2000	7	7
Calendar Year 2001	8	8

Tax Consultations

Tax consultation visits provide information on how to properly report your business activities. A consultant will advise you how to set up your records and answer specific questions. Tax consultation visits are *not audits*, and no tax or penalties will be identified. Tax consultation visits are purely instructional.

***Call now to receive a pre-consultation
visit questionnaire***

1-800-647-7706



Q&A

Q. Why is my vendor charging me a B&O tax?

A. The business and occupation (B&O) tax is a cost of doing business the same as any other business expense. Generally, a business recovers its business expenses through its pricing structure and does not itemize expenses on invoices to customers. However, a few businesses choose to itemize the B&O tax. Although the statute intends the B&O tax to be a part of a seller's overhead, there is nothing in the statute that prevents a seller from itemizing the amount of tax on an invoice. A seller that chooses to itemize the tax on customer invoices must include this amount as part of the gross proceeds of sales subject to B&O tax and/or selling price subject to the retail sales tax.

Q. I provide software training, do I need to collect sales tax?

A. With all the computer software on the market, many companies are providing training in the use of their software. Sometimes the cost of the training is included in the price of the software, while some companies make a separate charge. The taxability of the training depends upon: 1) what type of software and 2) how the training is billed.

"Custom software" is software created for sale to a single person. The sale of custom

software and the training associated with it are not subject to retail sales tax.

This is true whether

the training is included in the price or billed separately. The seller of custom

The sale of custom software and the training associated with it are not subject to the retail sales tax.

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ETAs/PTBs adopted and repealed

The Department issues Excise Tax Advisories (ETAs) and Property Tax Bulletins (PTBs) to explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts.

The table below identifies those ETAs and PTBs that the Department has recently issued or repealed. Complete information concerning the adoption and repeal of these ETAs/PTBs is available on the Department's web site using the Rules/Laws hot button and selecting "Rules Administration."

ETA Actions

ETAs adopted		
Number	Title	Date
2002.16.179	Low-Density Light and Power Utility Deduction	6/13/2000
2003-2s	ETAs Cancelled Effective 6/30/00	7/21/2000
2003-1s	ETAs Cancelled Effective 6/17/00	7/21/2000
2004.04/08.167	Fund-raising Activities of Public Schools, ASB Groups, and PTAs	11/23/99
2005.84.33	Timber Tax Personal Use of Timber by Landowner	11/23/99
ETAs repealed		
Number	Title	Date
025.04.136	Manufacturing and What Constitutes Taxable Activity	6/17/2000
029.04.136	Cooking Crabs as Manufacturing Within the State	6/17/2000
075.04.136	Mixing of Ingredients as "Manufacturing"	6/17/2000
081.04.136	Manufacturing Where Plant and Materials Used are Owned by Another	6/17/2000
085.08.107	Engineering Services in Connection with Design of Machinery for Sale	6/30/2000
087.04.136	Labor Costs Paid by Another Corporation	6/30/2000
172.04.136	Staining of Lumber Constitutes Manufacturing	6/17/2000
185.04.200	Lease Based on a Percentage of Gross Proceeds	6/30/2000
192.03.189	Agricultural Organizations Working with Governmental Units Subject to Tax	6/30/2000
218.08.113	Chemicals Used in Processing to Remove Gases from Steel Furnaces	6/30/2000
241.04.136	Cherry Processing Which Includes Brine Curing, Washing, Pitting, Sizing, and Sorting	6/17/2000
245.04.162	Investment Income of a Brokerage Business	6/30/2000
249.04.162	Interstate Sales and Consignor as Agent of Seller	6/30/2000
257.16.182	Insurance Charges by Public Grain Warehouses	6/30/2000
275.08.170	Deeding of Land to Contractor Building House for Landowner	6/30/2000
366.04.171	Road Construction Under Federal Timber Purchase Agreements	6/30/2000
398.04.136	Combining Items to Achieve a Special Purpose Product is Manufacturing	6/17/2000
401.04.135	Oyster String Production	6/17/2000
436.04.170	Construction on Land Owned by Contractor's Principal Stockholder.	6/30/2000
449.12.170	Turnkey Projects Sold to Housing Authorities	6/30/2000
451.04.99.1	Corporate Distribution of Stock Dividends	6/30/2000
465.04.136	Shearing Steel Sheets & Slitting Steel Coils as Manufacturing	6/17/2000
466.04.136	Assembly of Fruit Bins as Manufacturing	6/17/2000
469.04.136	Rerolling Paper Rolls, Cutting Paper into Specific Lengths, Embossing, Folding, and Packaging as Manufacturing	6/17/2000
474.04.136	Taxability of the Manufacture of "Refinery Gas"	6/30/2000
499.12.170/178	Tax Liability on Materials Purchased by Contractors in Idaho for Use in Washington	6/30/2000
537.04.19301	Effective Date for Claiming MATC Credits	6/30/2000
564.12.113	Retail Sales/Use Tax-Oak Barrels Used by Wineries and Winemakers	6/30/2000

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software and training is subject to tax under the Service and Other Activities classification of the business and occupation (B&O) tax.

“Canned software” is software created for sale to more than one person. Canned software is subject to sales tax.

Training associated with canned software

is also subject to sales tax when included in the price of the software. In this case, the seller, in addition to collecting the sales tax, is subject to the B&O tax under the Retailing classification. Providing training in the use of canned software is not subject to sales tax when the training is segregated in the contract and separately billed on the sales invoice. These charges are subject to the Service B&O tax.

Sales tax does not apply to software training when it is not associated with the purchase or sale of software. In addition, sales tax does not apply to charges made for seminars, classes, workshops, and other presentations that are not associated with the purchase or sale of a product. ▲

Effective January 2001

Local sales tax rate changes

The new combined rate for all locations in Clallam and Jefferson Counties is 8.2 percent.

All locations in Pierce County will increase (.001) due to voter approval for funding of the county parks and zoos.

The city of Asotin (0201) will decrease the local sales and use tax rate to (.005). The new combined rate is 7.0%. ▲

The training associated with canned software is also subject to sales tax. . .

Local sales tax changes for 2000

Effective Date	Location	Location Code	Rate Change (Increase)	Current Rate of Sales/Use Tax
2-1-00	Unincorporated Whatcom Co.	3700	0.1%	7.6%
2-1-00	Remainder of Whatcom Co.	3701-3737	0.1%	7.9%
2-1-00	All areas of Whitman Co.	3800-3816	0.1%	7.6%
3-1-00	City of Asotin	0201	0.5%	7.5%
6-1-00	All areas of Grays Harbor Co.	1400-1409	0.3%	8.2%
10-1-00	All areas of Island Co.	1500-1503	0.3%	8.3%



Rule changes



The Department publishes tax rules to assist taxpayers in accurately reporting their tax liability. As a result of recent tax law changes, the following Washington Administrative Codes (WAC) have been revised.

Rules adopted

Property Tax Rules - Effective January 7, 2000

WAC 458-07-010 (Fast Fax code 4020)	Valuation and revaluation of real property—Introduction.
WAC 458-07-015 (Fast Fax code 4020)	Revaluation of real property—Annual counties.
WAC 458-07-020 (Fast Fax code 4020)	Revaluation of real property—Multiyear counties.
WAC 458-07-025 (Fast Fax code 4020)	Revaluation of real property—Plan submitted to Department of Revenue.
WAC 458-07-030 (Fast Fax code 4020)	True and fair value—Defined—Criteria—Highest and best use—Data from property owner.
WAC 458-07-035 (Fast Fax code 4020)	Listing of property—Subdivisions and segregation of interests.

Property Tax Rules - Effective May 6, 2000

WAC 458-16-080 (Fast Fax code 4080)	Improvements to single family dwellings—Definitions—Exemption—Limitation—Appeal rights.
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Property Tax Rules - Effective May 19, 2000

WAC 458-16A-010 (Fast Fax code 4011)	Nonprofit homes for the aging.
WAC 458-16A-020 (Fast Fax code 4021)	Nonprofit homes for the aging—Initial application and annual renewal.

Excise Tax Rules - Effective January 13, 2000

WAC 458-20-101 (Fast Fax code 2101)	Tax registration and tax reporting.
WAC 458-20-117 (Fast Fax code 2117)	Sales and/or use of dunnage.

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**PTBs - Repealed
Effective June 30, 2000**

Number	Title
68-1	Assessment of fertilizers and insecticides held by farmers
71-2	Destruction of personal property detail listing
71-12	Senate Bill 37: Segregation of property – delinquent taxes
71-17	Chapter 35, Laws of 1971, 1 st ex. Session
74-7	Classification of bank personalty
78-2	Revaluation of property out of cycle
81-2	New construction - valuation
83-7	Timber excise tax credit for personal property tax
85-1	Taxation of Christmas trees
86-2	Determining fair market value of forest land not classified or designated under chapter 84.33 or 84.34 RCW
86-3	Additional tax calculations, current use lands (open space)
89-3	Treatment of “manifest errors” on the part of taxpayers
91-1	Five-year average grain price
91-17	1992 Five-year average grain price
93-1	1993 Five-year average grain price
94-1	1994 Five-year average grain price
95-1	1995 Five-year average grain price
91-12	Record of Board of Equalization hearings
95-2	Additional tax calculations – current use lands (open space)
97-1	Procedures for assessment of state timber sales

Excise Tax Rules - Effective June 17, 2000

- WAC 458-20-135 Extracting natural products.
(*Fast Fax* code 2135)
- WAC 458-20-136 Manufacturing, processing for hire, fabricating.
(*Fast Fax* code 2136)
- WAC 458-20-13601 Manufacturers and processors for hire—Sales and use tax exemption for manufacturing machinery and equipment.
(*Fast Fax* code 213601)
- WAC 458-20-261 Exemptions and credits for ride sharing, public transportation, and nonmotorized commuting.
(*Fast Fax* code 2261)

Excise Tax Rules - Effective July 1, 2000

- WAC 458-20-217 Lien for taxes.
(*Fast Fax* code 2217)

Excise Tax Rules - Effective July 21, 2000

- WAC 458-20-195 Taxes, deductibility.
(*Fast Fax* code 2195)

Excise Tax Rules - Effective February 24, 2000

- WAC 458-20-228 Returns, remittances, penalties, extensions, interest, stay of collection.
(*Fast Fax* code 2228)

Excise Tax Rules - Effective May 6, 2000

- WAC 458-20-239 Sales to nonresidents of farm machinery or implements, and related services.
(*Fast Fax* code 2239)

Forest Tax Rule - Effective May 6, 2000

- WAC 458-12-320 Timber—Ownership—Valuation—Roads—Easements over public lands.
(*Fast Fax* code 3320)

Forest Tax Rule - Effective January 1, 2000

- WAC 458-40-540 Forest land values-2000.
(*Fast Fax* code 3540)

Forest Tax Rule - Effective January 1, 2001

- WAC 458-40-650 Timber excise tax—Timber quality codes defined. *Adopted September 19, 2000.*
(*Fast Fax* code 3650)

Forest Tax Rule - Effective July 1, 2000

- WAC 458-40-660 Timber excise tax—Stumpage value tables—Stumpage value adjustments.
(*Fast Fax* code 3660)

Estate Tax Rule - Effective October 10, 2000

- WAC 458-57-035 Washington estate tax return to be filed—Penalty for late filing—Interest on late payments—Waiver or cancellation of penalty—Application of payment. *Adopted September 7, 2000.*
(*Fast Fax* code 2006)

Estate Tax Rule - Effective January 7, 2000

- WAC 458-57-045 Administration of the tax—Releases, amended returns, refunds, heirs of escheat estates. *Adopted September 7, 2000.*
(*Fast Fax* code 2007)

Real Estate Excise Tax Rule - Effective May 6, 2000

- WAC 458-61-230 Bankruptcy.
(*Fast Fax* code 4230)

About the IRS . . .

Each year, we receive numerous calls requesting income tax assistance and forms. As a state agency, the Department of Revenue is not qualified to answer federal tax questions and does not maintain federal (IRS) forms. For assistance with federal tax forms, please contact the Internal Revenue Service at one of the following numbers:

Federal Tax Information

1-800-829-1040

IRS federal tax forms only

1-800-829-3676

Tele-tax Recorded Tax Information and Automated Refund Information

1-800-829-4477

TTY Only (Hearing & Speech Impaired)

1-800-829-4059

IRS Internet home page:

<http://www.irs.ustreas.gov/>

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Sales tax exemption for some nonresidents

Certain nonresidents may purchase tangible personal property tax-exempt. The items purchased must be for use outside Washington State. The exemption is available to residents of the following states or provinces:

- ◆ Alaska
- ◆ Oregon
- ◆ Montana
- ◆ Delaware
- ◆ New Hampshire
- ◆ Virgin Islands
- ◆ Northern Mariana Islands
- ◆ Guam
- ◆ Puerto Rico
- ◆ Yukon
- ◆ Alberta

Note: residents of Idaho and the Province of British Columbia do not qualify for the exemption.

Sellers making exempt sales to qualifying individuals must examine and document one piece of ID.

A nonresident corporation may also qualify for the tax exemption. When selling to nonresident corporations, sellers must examine the corporation's *Nonresident Permit*, which is issued by the Department of Revenue. Sellers must verify the permit was issued to the purchaser and record the permit number.

The exemption does not apply for items used or consumed in this state. For example, restaurant meals do not qualify for the exemption.

Sellers choosing to make exempt sales must follow these instructions. The seller is personally liable for the tax where an exempt sale is made to persons not holding a valid permit or ID, or where records are not maintained as required.

For more information, refer to RCW 82.08.0273 and Excise Tax Advisory (ETA) 316.08.193. Both the law and ETA are available from the Department's web site. ▲

. . . Rule changes continued from page 8

Rules repealed

Property Tax Rule - Repeal effective January 7, 2000

WAC 458-12-040	Listing of property—Segregation of interests.
WAC 458-12-300	Definition—True and fair value.
WAC 458-12-301	True and fair value—Criteria.
WAC 458-12-305	Market value—Estimation—Real property.
WAC 458-12-326	Revaluation—Definitions.
WAC 458-12-327	Revaluation—Valuation Criteria—Methods.
WAC 458-12-330	Real property valuation—Highest and best use.
WAC 458-12-335	Revaluation process by county assessor.
WAC 458-12-336	Assessor's revaluation plan.
WAC 458-12-337	Revaluation process—Reports.
WAC 458-12-338	Revaluation Process—Department of revenue—Performance—Standards—Assistance.
WAC 458-12-339	Revaluation process—Valuation procedure—Uniformity within cyclical period.
WAC 458-12-350	Assessment and evaluation—Separate valuation of lands and improvements.

Property Tax Rule - Repeal effective November 25, 2000

WAC 458-12-125	Situs of personalty—Merchants and manufacturers.
WAC 458-12-390	State levy—Fertilizers and insecticides held by farmers—Inventory.

Forest Tax Rule - Repeal effective May 6, 2000

WAC 458-12-315	Timber and forest products—Valuation.
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Property Tax rules - Repeal effective May 6, 2000

WAC 458-16-081	Improvements to single family dwellings—Exemption—Filing—Amount—Limits.
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Excise Tax Rules - Repeal effective November 25, 2000

WAC 458-20-130	Sales of real property, standing timber, minerals, natural resources.
WAC 458-20-161	Persons buying or producing wheat, oats, dry peas, corn, barley, dry beans, lentils, and triticale and making sales thereof.
WAC 458-20-213	Oil company bulk station agents.
WAC 458-20-234	Business tax on flour millers, manufacturers of soybean or sunflower oil.
WAC 458-20-237	Retail sales tax collection schedules.

The rules are available on the Department's web site by using the "Rules/Laws" button. You may also request copies by calling the Department's Telephone Information Center and leaving a message with the automated voice attendant. When leaving your request, be sure to leave your name and address. ▲

You, the Taxpayer Rights Advocate, and Taxpayer Rights and Responsibilities

If you have a dispute with the Department of Revenue that you're unable to resolve, the Department of Revenue's Taxpayer Rights Advocate may be able to help. When disputes cannot be resolved through routine channels, the Advocate can help you understand your options and the processes and procedures that are available to resolve the dispute.

The Taxpayer Rights Advocate can also serve as mediator between the taxpayer and the Department. The Advocate cannot, however, change applications of law or grant relief from taxes that are legally due.

Taxpayer disputes and complaints occur for a variety of reasons. One reason is miscommunication between the Department and taxpayers. Another reason is that the Department may have procedures and policies of which taxpayers are not aware. The Advocate seeks to determine the causes for complaints and disputes and make changes so that similar problems do not arise.

The Taxpayer Rights Advocate is also committed to helping taxpayers understand their Rights and Responsibilities. Chapter 82.32A

establishes in law the rights and responsibilities of Washington's taxpayers. These principles — compliance, fairness and uniform application — form

the foundation of the Department of Revenue's relationship with taxpayers. Taxpayers who understand their rights and responsibilities are better able to use the Department's procedures and services and meet their tax obligations. Your Taxpayer Rights and Responsibilities are outlined below. In addition, the Department has

published a detailed explanation in *A Guide to Taxpayer Rights & Responsibilities*. You can access the guide on the Department's Internet home page: <http://dor.wa.gov/>. To access the guide, use the Publications hot button

and click on General Tax Information.

We encourage you to become familiar with your rights and responsibilities and to work with Department of Revenue employees to resolve disputes. However, if you believe that you have not been afforded your rights, you may call or write:

Taxpayer Rights Advocate
Department of Revenue
Taxpayer Services Division
Post Office Box 47478
Olympia, Washington
98504-7478



Telephone:
1-800-647-7706, or
(360) 753-5516 ▲

The Advocate can help you understand your options and the processes and procedures that are available to resolve the dispute.

Taxpayers have the RIGHT TO:

- ◆ Simple and prompt administrative process for tax refunds and credits.
- ◆ Timely, fair and equitable treatment with dignity and respect.
- ◆ Accurate written information on reporting instructions, appeal procedures, refund claims and reasons for assessment.
- ◆ Public hearings on proposed rules.
- ◆ Review and appeal of assessments, business registration revocation and adverse rulings.
- ◆ Remedies when statutes and rules are found to be unconstitutional.
- ◆ Confidentiality of financial and business information.

Taxpayers have the RESPONSIBILITY TO:

- ◆ Register with the Department of Revenue.
- ◆ Know their tax reporting obligations and seek instructions when they are uncertain.
- ◆ Keep accurate and complete business records.
- ◆ File returns and pay taxes in a timely manner.
- ◆ Ensure the accuracy of the information entered on their tax returns.
- ◆ Substantiate claims for refund.
- ◆ Notify the Department of Revenue and pay taxes promptly when closing a business.



1-800-334-8969

Prerecorded Tax Information
24 hours a day

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TELEPHONE NUMBERS FOR OTHER AGENCIES

Internal Revenue Service (IRS)
1-800-829-1040
Master Application Status,
Department of Licensing
(360) 664-1400

24-hour automated services



The Department of Revenue Telephone Information Center offers several automated services. With the exception of *Tax Express* and Revenue's web site, you can access any of these services by calling 1-800-647-7706. Listen to the menu and select the option you wish to use.

Fast Fax — Transmit documents directly to your fax machine. For a list of available documents, enter code 500#. To bypass menu selections, call (360) 786-6116.

Workshops — Call to attend one of the Tax Information Workshops.

Vehicle or vessel fraud — Report vehicle or vessel licensing fraud.

Address changes — Notify us if you have moved or changed your mailing address.

Business closures — Notify us if you have closed or sold all or part of your business. If you've sold your business, tell us who you sold the business to and whether you'll continue to do business under your UBI/tax registration number.

Master Applications — Request a new Master Application if you're changing your business structure (legal entity), changing or adding a trade name, opening a new location, reopening a closed business, divorcing and your spouse is no longer responsible for the business, changing your principal product or service and a license from another agency is required, or transferring the majority of a corporation's stock to different individuals.

Copies of rules, laws, or other departmental publications — Request a rule, law, or other publication. An order form listing the Department's fact sheets and brochures is available via *Fast Fax*, code 501#.

Proposed rules — Leave informal comments on proposed rule changes or ask to be placed on a mailing list to receive notice of future proposed rule-making actions.

Delinquent notices/no tax returns — Clear the delinquency if you have received a delinquent notice and you have no business to report.

Duplicate tax returns — Request a new tax return be faxed or mailed if you've misplaced your tax return. Have your UBI/tax registration number ready when calling.

Tax Express — Listen to prerecorded tax information by calling 1-800-334-8969. To listen to the topic of your choice, enter the three-digit code. To receive a list of topics and codes, call 1-800-647-7706 and leave a message with the automated voice attendant.



Revenue's web site — See what's new on our web site:
<http://dor.wa.gov>



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*To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 753-3217.
Teletype (TTY) users please call 1-800-451-7985.*

We want to help you. For assistance, please call the office nearest you or the Telephone Information Center at 1-800-647-7706.

Department of Revenue Field Offices

ABERDEEN (360) 533-9312

110 W Market Street, Suite 201
Post Office Box 1018 98520-0209
Mon & Fri 8am-11:30am, 12:30pm-5pm,
Wed 8am-12pm, Closed Tues & Thurs

BELLINGHAM (360) 676-2114

1904 Humboldt Street, Suite A
Post Office Box 1176 98227-1176
Mon-Fri 8am-11:30am, 12:30pm-5pm

BREMERTON (360) 478-4961

4841 Auto Center Way, Suite 201
98312-4394
Tues, Thurs, & Fri 8am-11:30am,
12:30pm-5pm, Closed Mon & Wed

EVERETT (425) 356-2911

11627 Airport Road, Suite B
98204-8714
Mon-Fri 8am-5pm

KENNEWICK (509) 585-1501

22 West Kennewick Avenue
Post Office Box 7207 99336-0616
Mon-Fri 8am-11:30am, 12:30pm-5pm

OLYMPIA (360) 753-3181

Target Place Complex
2735 Harrison Avenue NW, Suite 440
Post Office Box 12900 98508-2900
Mon-Fri 8am-11:30am, 12:30pm-5pm

PORT ANGELES (360) 457-2564

734 East First Street, Suite B
Post Office Box 400 98362-0064
Mon, Wed, & Fri 8am-11:30am,
12:30pm-5pm, Closed Tues & Thurs

RENTON (425) 277-7300

919 SW Grady Way, Suite 150
Post Office Box 877 98057-0877
Mon-Fri 8am-5pm

SEATTLE (206) 956-3002

2101 4th Avenue, Suite 1400
98121-2300
Mon-Fri 8am-5pm

SPOKANE (509) 482-3800

4407 N Division, Suite 300
99207-1685
Mon-Fri 8am-5pm

TACOMA (253) 593-2722

3315 South 23rd Street, Suite 300
Post Office Box 111180
98411-1180
Mon-Fri 8am-5pm

VANCOUVER (360) 260-6176

8008 NE 4th Plain Boulevard, Suite 320
Post Office Box 1648
98668-1648
Mon-Fri 8am-5pm

WENATCHEE (509) 663-9714

630 N Chelan Avenue, Suite B3
Post Office Box 220
98807-0220
Mon-Fri 8am-11:30am, 12:30pm-5pm

YAKIMA (509) 575-2783

1714 S 16th Avenue
98902-5713
Mon-Fri 8am-11:30am, 12:30pm-5pm



<http://dor.wa.gov>

Prepared by the Taxpayer Services Division